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CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

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COUNTRY Yugoslavia

SUBJECT Political Situation/Economy/Labor and Management/Attitudes

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SUPP. TO  
REPORT NO.Political

25X1 1. The Yugoslavs appear to be politically immature and [redacted] admitted that their nation is not well developed politically. They ascribed this to the fact that they have been under the domination of other nations

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for so many hundreds of years that they now find it difficult to be completely independent.

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2. Despite the comparative newness of their independence, the Yugoslavs are fanatically determined to maintain their sovereignty. The Yugoslavs would accept most any kind of government so long as it was 100% Yugoslav. They would sincerely try to make a success of any such Yugoslav government but would rebel against any government imposed upon them by a foreign nation.

3. The Yugoslavs consider Yugoslav Communism an acceptable form of government while Soviet Communism is intolerable.

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Marshal Tito had to break the Soviet influence over Yugoslavia, or he would have faced a rebellion by the Yugoslavs.

Attitude Toward Communism

4. In contrast to their faith in Tito as a leader, the Yugoslavs do not have an implicit faith in Communism. Communism as a form of government is neither especially good nor bad.

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25X1 Their chief objection to Communism seemed to be that it was of Soviet origin. Communism under Soviet domination was extremely distasteful to the Yugoslavs; that same form of government under Yugoslavs was not so bad and even had many points of merit.

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Attitude Toward Tito

6. The Yugoslav people consider Marshal Tito to be a competent and honest leader who has the interests of the country at heart but who is faced by extremely difficult problems. Tito has used good judgment in working with the varied ethnic groups and nationalities in Yugoslavia and is doing a very good job of interpreting the feelings of the people.

7. Tito has made but one serious mistake, and that was his attempt to convert Yugoslavia, primarily an agricultural nation, into an industrial nation. Since realizing this mistake, he has taken steps to correct it and has the full support of the majority of the Yugoslav population.

8. The poor economic conditions are not blamed on Tito. The people feel that these conditions are the cumulative result of many years of oppression, mismanagement, war, etc, and that the country can progress if all the people make a sincere effort to follow Tito's leadership.

9. In the past many Yugoslavs have made martyrs out of themselves for various causes. They are a dramatic people by nature and heroic action appealed to them. A great change has been effected in this regard and the prevailing attitude is that individual dramatics shall be discarded for steady application to the task of betterment for the entire nation.

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25X1 Political Freedom

10. The Yugoslav [redacted] feel they have political freedom. They consider their elections to be "free elections" and are not concerned over the fact that there is only one candidate for each position. They hope to have more than one party in the future simply because that seems to be a desired procedure among Western nations. [redacted] the lack of political parties to a shortage of qualified candidates and not to a lack of political freedom. When questioned about their political freedom, the Yugoslavs replied that they have absolute political freedom to think and do as they wish so long as they do not engage in activities against the government. In their opinion there is no need for opposition to a "good government" and since they have a good government, freedom to oppose it is not necessary.

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11. Some [redacted] partially admitted that they do not have as much freedom in Yugoslavia as US citizens apparently have, and it was obvious that they were quite disturbed by the comparisons of freedom in the two countries. They could not quite understand the full significance of the freedom enjoyed by US citizens. The ability to work where and when one wanted to, the ability to travel about the country without governmental restrictions, and the freedom of relationship between labor and management were beyond their full comprehension.

Religious Freedom

12. [redacted]

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[redacted] Sixty percent of all Yugoslavs are nominally Catholics; the remainder are Orthodox and Moslem. The part played by religion in the national life is apparently not of great importance.

Education

13. Education is compulsory for Yugoslav children between the ages of seven and 15. However, if a Yugoslav youth acquires four years of schooling, further attendance is not strictly required. This is apparently in order to allow the youth to work and contribute to the support of their families. The government provides educational facilities, and it is up to the individual student to take advantage of them.

14. Yugoslavia suffered severely from the death of many young educated people, particularly technicians and professional people, during World War II. Great efforts have been made in the past few years to correct this deficiency. Entrance examinations were suspended for entry into universities in order to secure as many young students as the educational facilities could handle. This program has apparently been quite successful as the government is now considering reinstating entrance examinations in order to limit the number of students.

15. The University of Belgrade has an enrollment of 250 mining students and the University of Ljubljana [redacted] has an enrollment of 350 geology students. The graduates of these institutions are considered to be well qualified by these Yugoslav mining men.

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16. [redacted]

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Economy

17. The economic atmosphere of Yugoslavia is that of respectable poverty--the atmosphere of a once prosperous family which has come upon hard times. The Yugoslavs realize that times are bad and their life is not easy, but there is a feeling that conditions can only improve in the future.

18. The standard of living has never been high in Yugoslavia. Life under nearly 500 years of domination by Turkey was extremely difficult. World War I seriously disrupted the country's economic progress after it had achieved independence, and the world depression of the thirties further hampered economic improvement. World War II was particularly devastating to the country's economy because of the German occupation and the later civil war.

19. Yugoslavia has made fairly good recovery from the effects of the war. The expansion and mechanization of industry has been very good although a serious mistake was made when too much emphasis was given to industrialization and not enough to the improvement of agriculture. Frequent governmental changes of policy have presented a serious obstacle to improvement of business and industry. The government is still working on a trial and error method of operation.

20. The Yugoslavs feel that their country is about 30 years behind in economic development. They feel that great progress will be made in the next five years, and that within ten years they will have made up for their economic underdevelopment and will have caught up with the rest of the world. This presumption is based on the fact that the next ten years will be years of peace.

21. The Yugoslavs feel that the coming year will be a critical point in their development. Due to crop failure, 1952 was the worst year in recent Yugoslav history. If the country wealth in the immediate future, the Yugoslavs feel they have a good economic outlook.

22. Construction of hydroelectric power plants is of prime importance in the industrial expansion program. With increased power supply, Yugoslavia hopes to increase production greatly, and thus become an exporting nation of manufactured articles. At the present time, it must import many articles. This creates a serious drain on the already scarce supply of dollars in the country.

23. Czechoslovakia has been drained of its resources by the USSR and Yugoslavia is to become the successor to Czechoslovakia as the industrial nation of the Balkans. Yugoslavia plans on enlarging its steel mills under a general expansion program. Greece and Italy need steel and Yugoslavia hopes to export prefabricated steel to those countries.

24. Thirty percent of the national income is being devoted to armaments despite the great drain this constitutes upon the nation's economy. The Yugoslavs are not fearful that war is imminent and are going ahead with expansion plans as though peace were assured for all time. They do not trust the Soviets, however, and are insuring themselves against aggression to the best of their ability.

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Labor and Management

25. The Yugoslav [ ] have an entirely different concept of labor, unions, and management from that encountered in the US.

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26. The Yugoslavs could not understand the US concept of labor-management relationships. Their idea of a "union" was that the entire working force of an organization, from flunky to manager, constituted the union.

27. When a vacancy occurs in a supervisory position in a mine, any man who wants to be considered for the vacancy submits an application listing his experience and his reasons for wanting the position. The state [people?] then selects a limited number of applications and the people [workers?] vote for the applicant of their choice. Apparently the one so elected is appointed to the position.

28. Profits from an operation are divided evenly among the workers, the government, and the operation. Wages are set by the government and vary in accordance with the profit earned by the company. Wages are also influenced by the workers' background (education and experience) and by his need (size of family). There are no bargaining units, no negotiations of wages or contracts, and no strikes. There is comparatively little difference, financially and socially, between a mucker in a mine and the mine manager. If a bonus is granted to an organization for fulfillment of or overproduction of its quota, employees who have been working in that organization for 11 months or more share in the bonus.

29. Workers have freedom to choose where they shall work but since there is considerable unemployment, a worker who has a job would be very hesitant to give it up for fear he could not find another. In actual practice, however, the government tells workers where they should work and what work they should do.

30. Graduates of mining schools must serve an apprenticeship of three years. During this time they must remain at one particular mine or can change only after complying with many government regulations. After completion of the three-year apprenticeship period, a mining engineer must work an additional 11 months before he becomes eligible to share in any bonus earned by the company.

Attitude Toward the US

31. The US is regarded as a millionaire nation by Yugoslavs. Most Yugoslavs are aware that the US has been of considerable help to their country, and they are grateful for this assistance. However, they seem to have the idea that this assistance is not causing any hardship on the US or upon US citizens because the US is so rich.

32. [ ] feel that US newspapers publish the truth about Yugoslavia. However, they feel that not enough publicity has been given to the achievements of Tito and the nation, and that too much emphasis has been given to the fact that Yugoslavia has a communistic form of government. They feel that not enough credit has been given Yugoslavia for being the first nation to break away from domination by the USSR.

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Attitude Toward USSR

40. The Yugoslavs consider the Soviets to be barbaric savages. They have an intense hatred for the USSR and feel that the nation should not be included among civilized nations. While the theoretical aspects of Communism appeal to many Yugoslavs, the close connection with the USSR through Communism was a bitter pill to swallow. Since that connection has now been broken, the Communism of Yugoslavia has no Soviet taint and is far more acceptable to the bulk of the population.

Attitude Toward Germany

41. The Yugoslavs have no liking for the Germans but respect their technical and mechanical ability. Germany is disliked because of its past record of aggression, but in no way are the Germans considered in the same class as the Soviets. The Yugoslavs rely upon Germany to a considerable extent for professional advice. There is an unvoiced opinion that the Germans are good people who have suffered from poor leadership.

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